

The complaint

Mr S complains Barclays Bank UK PLC ("Barclays") closed his account without notice nor explanation.

What happened

The details of this complaint are well known by both parties, so I won't repeat them again here in detail. Instead, I'll focus on setting out some of the key facts and on giving my reasons for my decision.

In June 2024, following an internal review, Barclays decided to close Mr S' accounts with immediate effect. Mr S was able to access his funds in cash in July 2024 at a Barclays branch. Unhappy with Barclays' actions Mr S complained.

Barclays upheld Mr S' complaint in part. Barclays said it couldn't give Mr S a detailed explanation, but the account closures was correct. But upon review, Mr S should have been given sufficient notice of the accounts being closed to make alternative banking arrangements. Because of this Barclays offered Mr S £150 as an apology.

Mr S didn't accept Barclays' offer and referred his complaint to this service. One of our Investigator's started looking into Mr S' complaint, and Barclay said the compensation it offered was fair, but it would like to offer Mr S compensatory interest on his funds as he should have had access to his funds from 4 July 2024 and not 17 July 2024. Our Investigator put this offer to Mr S who didn't agree.

Our Investigator recommended that Mr S' complaint be upheld in part. In summary, the key points they made were:

- Barclays carried out a review of Mr S' accounts in line with its obligations.
- Barclays closed Mr S' account fairly and hasn't made an error. It has shared the reason with this service in confidence and it isn't required to give Mr S a detailed explanation.
- Barclays' offer of £150 compensation for not giving sufficient notice is fair.
- Barclays should have explained to Mr S he could've received a bankers draft for his funds instead of being told he had to withdraw substantive funds in cash. Because of this Barclay should pay Mr S £50 for the trouble and upset this caused him. Had Barclays given Mr S two months' notice, he would also have been able to transfer the funds himself.
- Barclays should have given Mr S access to his funds the day the accounts were closed on 28 June 2024. So Barclays should pay him 8% simple interest on the funds from then until they were paid.

Barclays agreed to what our Investigator on the basis it brought matters to a close. Mr S didn't agree, principally saying he should be given a reason why his and his child's accounts were closed. And the closures mean he is now excluded from banking with Barclays.

As there was no agreement this complaint has been passed to me to decide.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so, I have decided to uphold this complaint in part. I'll explain why.

Banks in the UK, like Barclays, are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They are also required to carry out ongoing monitoring of an existing business relationship. That sometimes means Barclays needs to restrict, or in some cases go as far as closing, customers' accounts.

Barclays has explained and provided me with supporting information as to why it reviewed Mr S' accounts. I'm satisfied it did so in line with its obligations.

Barclays is entitled to close an account just as a customer may close an account with it. But before Barclays closes an account, it must do so in a way, which complies with the terms and conditions of the account. The terms and conditions of the account, which Barclays and Mr S had to comply with, say that it could close the account by giving him at least two months' notice. And in certain circumstances it can close an account immediately or with less notice.

Barclays accept that it should have given Mr S the full notice of its decision to close his account and therefore, not have done so with immediate effect. Having looked closely at Barclays' reasons and supporting evidence, I'm also of the mind that without carrying out further due diligence, which likely would've involved communications with Mr S, Barclays didn't have the grounds to have closed the account immediately.

So that meant Mr S was caused distress and some inconvenience by not being able to make alternative banking arrangements in an orderly manner. After all, had he been given two months' notice without any account restrictions he would've been able to move his funds without having to go into a branch. Mr S was also told he would have to withdraw over £10,000 in cash – when that wasn't the case. This caused him further inconvenience and discomfort in having to handle such a large value in cash.

Having carefully considered this, and the impact Barclays' failings had on Mr S, I'm satisfied £200 is fair award for the distress and inconvenience he was caused.

Barclay say it ought to have returned Mr S' funds sooner than it did. Having looked at the evidence behind this, I'm satisfied that was the case. So Barclays should pay Mr S interest for the time he was unfairly deprived of his funds.

I know Mr S would like a detailed explanation for why Barclays reviewed and closed his accounts. But Barclays is under no obligation to do so. I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from banks as confidential for a number of reasons – for example, if it contains security information, or commercially sensitive information. Some of the information Barclays has provided is information I consider should be kept confidential.

I note Mr S has pointed to his child's account being closed. If Mr S was the principal on this account, then Barclays acted fairly for the reasons above, in closing it. However, if his child is the eligible complainant on that account, then it is a separate matter that falls outside this complaint.

Putting things right

To put things right, Barclays must:

- Pay Mr S £200 compensation
- Pay Mr S 8% simple annual interest on his funds from 28 June 2024 until they were released to him*

* If Barclays considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr S how much it's taken off. It should also give Mr S a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

For the reasons above, I have decided to uphold this complaint in part. Barclays Bank UK PLC must now put things right as directed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 1 July 2025.

Ketan Nagla

Ombudsman